

## Message Text

CONFIDENTIAL

PAGE 01 MADRID 02201 241914Z  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----241919Z 085142 /40  
P 241624Z MAR 77  
FM AMEMBASSY MADRID  
TO SECSTATE WASHDC PRIORITY 9481

C O N F I D E N T I A L MADRID 2201

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FOR UNDERSECRETARY HABIB AND ASSISTANT SECRETARY HARTMAN  
AND AMBASSADOR STABLER ONLY

E.O. 11652: XGDS-1  
TAGS: ELAB, PINT, SP  
SUBJECT: THE UGT ISSUE

REF: MADRID 1840

1. BY THE ACCOUNT OF UGT INTERNATIONAL SECRETARY MANUEL SIMON TO LABATT MARCH 23, THINGS APPARENTLY MOVED QUITE RAPIDLY FOLLOWING THE BOGGS-OTERO MARCH 8 MEETING WITH SYNDICAL RELATIONS MINISTER DE LA MATA (REFTEL). THE ICFTU (PRESUMABLY HAVING BEEN PROMPTLY ADVISED BY MIKE BOGGS OR IRVING BROWN OF GOS WILLINGNESS TO GUARANTEE FUTURE PATRIMONY PAYMENTS ON UGT HOLDINGS CONFISCATED AFTER THE CIVIL WAR AGAINST WHICH THE UGT COULD OBTAIN CREDIT) HAD CONTACTED THE UGT EVEN BEFORE THE UNION HAD BEEN APPROACHED ON THE MATTER BY DE LA MATA. AS A CONSEQUENCE, SIMON HAD IMMEDIATELY FLOWN TO BRUSSELS TO TALK THINGS OVER WITH THE ICFTU. DE LA MATA HAD EARLIER DISCUSSED WITH OTTO KERSTEN (ICFTU SEC GEN) THE TACTIC OF USING ICFTU CHANNELS TO OBTAIN A LOAN FOR THE UGT.

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2. AT A PRIVATE DINNER MEETING WITH UGT LEADERS MARCH 11, DE LA MATA TOLD THE UNION OF THE GOVT'S WILLINGNESS TO ASSIST, SUGGESTING THE USE OF ICFTU CHANNELS TO WORK OUT THE DETAILS. THE UGT HAD AGREED IN PRINCIPLE TO THE PROPOSED GOS GUARANTEE, BUT STIPULATED THAT A) IT WOULD HAVE TO CONSIDER WHAT CHANNELS MIGHT BEST BE USED, AND B) THERE MUST BE NO PUBLICITY LEAKS ON THIS SENSITIVE

MATTER. SIMON TOLD US THAT WHILE THE UGT APPRECIATES DE LA MATA'S EFFORTS IN ITS BEHALF, THEY HAVE THE DISTINCT IMPRESSION THE MINISTER WANTS TO GET AS MUCH POLITICAL MILEAGE OUT OF HIS ROLE AS POSSIBLE, THUS THEIR CAUTIOUS REACTION.

3. AS COULD BE EXPECTED, A POSSIBLE LOAN TO THE UGT HAD BEEN A PRINCIPAL TOPIC DURING UGT SECGEN REDONDO'S MARCH 16-18 VISIT TO THE WEST GERMAN DGB. HEINZ OSCAR VETTER (DGB PRESIDENT, AND ALSO PRESIDENT OF DGB-CONTROLLED BANK) HAD EXPRESSED THE OPINION THAT THE ICFTU WAS NOT REALLY NECESSARY AS A CHANNEL FOR UGT LOAN NEGOTIATIONS. DIRECT UGT-DGB NEGOTIATIONS WERE PREFERABLE AND WOULD, FURTHERMORE, REDUCE THE NUMBER INVOLVED IN THIS SENSITIVE MATTER. HE PROPOSED THAT TECHNICAL DISCUSSIONS REGARDING THE PROPOSED LOAN BE SET UP AS SOON AS POSSIBLE BETWEEN GERMAN REPRESENTATIVES OF THE DGB BANK AND SPANISH REPRESENTATIVES OF THE BANCO RURAL Y MEDITERRANEO (THE BANK THAT HANDLES THE BULK OF THE FUNDS OF THE OFFICIAL SYNDICAL ORGANIZATION, AND APPARENTLY DESIGNATED BY DE LA MATA AS THE SPANISH GUARANTOR OF ANY LOAN).

4. SIMON STATED THAT DE LA MATA HAD BEEN ADVISED BY THE UGT ON MARCH 19 REGARDING THE DGB PROPOSAL FOR TECHNICAL DISCUSSIONS, BUT HAD NOT YET REPLIED. THE MOUNT OF MONEY THAT THE GOS WOULD BE PREPARED TO UNDERWRITE THROUGH ITS GUARANTEE REMAINS TO BE NEGOTIATED BETWEEN DE LA MATA AND THE UGT. THE FIGURE HITHERTO USED IN ALL THESE DISCUSSIONS HAD BEEN \$1 MILLION, THE UGT'S ESTIMATE OF ITS BUDGETARY  
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## Message Attributes

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**Review Markings:**  
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